

Message Text

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ACTION AF-10

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-08

FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 SOE-02 CEA-01

DODE-00 DOE-15 H-01 INT-05 L-03 NSC-05 PM-05

OES-09 SS-15 STR-07 ACDA-12 /151 W

-----120608 270023Z /75

R 260930Z AUG 78

FM AMEMBASSY LOME

TO SECSTATE WASHDC 4714

INFO AMEMBASSY ACCRA

AMEMBASSY COTONOU

AMEMBASSY LAGOS

AMEMBASSY TRIPOLI

C O N F I D E N T I A L LOME 2765

NOFORN

EO 11652: GDS

TAGS: ENRG TO NI LY AFSP

SUBJ: POSSIBLE POL SHORTAGE IN TOGO

REF: A LOME A-5 (NOTAL) B 77 LOME 1632 (NOTAL)

BEGIN SUMMARY: EMBASSY HAS LEARNED THAT TOGO'S OIL REFINERY MAY HAVE ONLY ENOUGH CRUDE OIL STOCK TO LAST ANOTHER SEVEN TO TEN DAYS. POTENTIAL EXISTS FOR NATIONWIDE SHORTAGE OF GASOLINE AND OTHER PETROLEUM PRODUCTS IF TOGO CANNOT COME TO TERMS WITH NIGERIA ON PAYMENT FOR CRUDE OIL. END SUMMARY

1. NIGERIA, TOGO'S ONLY CURRENT SOURCE OF CRUDE OIL, IS RELUCTANT TO SUPPLY FURTHER CRUDE OIL TO TOGO ON CREDIT. PROBLEM INVOLVES \$25 MILLION REPORTEDLY OWED FOR PAST DELIVERIES. PRESUMABLY, NIGERIA WANTS PASM ACCOUNTS SETTLED AND BETTER PAYMENT ARRANGEMENTS FOR THE FUTURE
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BEFORE AGREEING TO RESUME DELIVERIES. UNLESS TOGO AND NIGERIA REACH AGREEMENT OR TOGO CAN MAKE ARRANGEMENTS TO BUY CRUDE OIL ELSEWHERE IN NEXT 7-10 DAYS, REFINERY WILL HALT PRODUCTION SHORTLY, WITH RESULTING NATIONWIDE SHORTAGE OF GASOLINE AND OTHER PETROLEUM PRODUCTS.

2. EMBASSY IS TAKING PRECAUTIONARY STEPS TO BUILD UP 9-12

WEEK SUPPLY AT NORMAL CONSUMPTION RATES. FOR A SHORTAGE OF LONGER THAN 9-12 WEEKS, EMBASSY WOULD HAVE TO DEPEND UPON RESUPPLY FROM ACCRA AND/OR COTONOU.

3. INITIALLY, TOGOHSOUGHT LIBYAN AND NIGERIAN SUPPLIES\$ ALTHOUGH TERMS OF SALE WERE AT WORLD MARKET PRICES WITH A ONE PERCENT DISCOUNT AND 60-DAY PAYMENT TERMS, TOGO DID NOT SEEK ALTERNATIVE SUPPLY SOURCES. TO DATE, NIGERIA HAS BEEN TOGO'S ONLY SUPPLIER. NIGERIA IS PROBABLY RELUCTANT TO DELIBERATELY DISRUPT TOGO'S CRUDE OIL SUPPLY BECAUSE OF THE POTENTIALLY VERY NEGATIVE IMPACT ITS BILATERAL RELATIONS WITH TOGO AND PROBABLE NEGATIVE IMPLICATIONS FOR REGIONAL ECONOMIC COOPERATION IN WEST AFRICA.

4. LIBYA HAS NOT SUPPLIED ANY OF THE 60 PERCENT OF CRUDE OIL SUPPLY ORIGINALLY SOUGHT FROM LIBYA BY REFINERY PLANNERS. ADDITIONALLY, DESPITE ANNOUNCEMENTS TO THE CONTRARY AT THE REFINERY OPENING DAY CEREMONIES, LIBYA HAS NOT ACTED ON A TOGOLESE INVITATION TO ASSUME A 40 PERCENT EQUITY PARTICIPATION IN THE REFINERY OPERATING COMPANY. AT THIS POINT, LIBYA DOES NOT APPEAR TO BE AN ALTERNATE SUPPLY SOURCE. IN FACT, THERE ARE INDICATIONS THAT LIBYA IS WILLING TO SUPPLY CRUDE ONLY ON TERMS ENTAILING LIBYAN OWNERSHIP OF THE REFINED PRODUCTS. YOUNG

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